

**NEW ORLEANS OPERA ASSOCIATION**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2008 AND 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

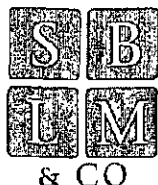
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NEW ORLEANS OPERA ASSOCIATION

JUNE 30, 2008 AND 2007

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SAGONA, BOURG, LEE, MATTHEW & CO., L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
New Orleans Opera Association  
New Orleans, Louisiana

We have audited the accompanying statements of financial position of the New Orleans Opera Association (a non-profit organization) as of June 30, 2008 and 2007 the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully described in Note B to the financial statements, the Association has not reported a contribution and expense for the use of certain facilities donated to the Association. In addition and as further discussed in Note B, we were unable to satisfy ourselves concerning the basis at which certain real estate is recorded in the financial statements.

In our opinion, except for the effects of accounting for the use of certain facilities donated to the Association and for the effects of accounting, if any, that might have been required had we been able to determine the basis of certain real estate as discussed in the preceding paragraph and in Note B, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral report of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Sagona, Bourg, Lee, Matthew & Co., L.L.C.*

Certified Public Accountants  
December 22, 2008

NEW ORLEANS OPERA ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,829,894	\$ 1,235,566
Investments	225	347
Accounts receivable	8,795	39,565
Prepaid expenses	14,931	50,455
Property and equipment, net of accumulated depreciation	<u>308,850</u>	<u>331,040</u>
TOTAL ASSETS	<u>2,162,695</u>	<u>1,656,973</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES:</u>		
Accounts payable and accrued expenses	65,797	35,730
Line of credit	199,972	-
Deferred income	<u>286,687</u>	<u>616,198</u>
TOTAL LIABILITIES	<u>552,456</u>	<u>651,928</u>
<u>NET ASSETS:</u>		
Unrestricted	1,610,239	898,002
Temporarily restricted	<u>-</u>	<u>107,043</u>
TOTAL NET ASSETS	<u>1,610,239</u>	<u>1,005,045</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,162,695</u>	<u>\$ 1,656,973</u>

See notes to financial statements

**NEW ORLEANS OPERA ASSOCIATION**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Total</u>	<u>2007 Total</u>
<b>REVENUES AND SUPPORT:</b>				
Revenues:				
Opera ticket sales	\$ 941,285	-	\$ 941,285	\$ 796,317
Opera education revenue	5,804	-	5,804	8,002
Scenery rental	306,104	-	306,104	160,082
Outside jobs	35,545	-	35,545	51,004
Guild Home revenue, net of related expenses	(313,382)	-	(313,382)	(78,016)
Insurance proceeds	761,159	-	761,159	93,748
Investment income	32,130	-	32,130	41,318
Other income	<u>85,244</u>	-	<u>85,244</u>	<u>36,388</u>
<b>TOTAL REVENUES</b>	<u>1,853,889</u>	-	<u>1,853,889</u>	<u>1,108,843</u>
Support:				
Contributions	1,739,447	-	1,739,447	1,072,660
Grants	41,133	-	41,133	71,453
Special event fundraising revenue, net of direct costs of benefits provided	<u>144,527</u>	-	<u>144,527</u>	<u>120,594</u>
<b>TOTAL SUPPORT</b>	<u>1,925,107</u>	-	<u>1,925,107</u>	<u>1,264,707</u>
Net assets released from restrictions	<u>-</u>	-	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES AND SUPPORT</b>	<u>3,778,996</u>	-	<u>3,778,996</u>	<u>2,373,550</u>
<b>EXPENSES</b>				
Opera production costs	1,710,798	-	1,710,798	1,147,269
Opera education costs	13,261	-	13,261	13,794
Studio costs	116,903	-	116,903	188,608
Scenery rental costs	34,011	-	34,011	57,989
Outside job costs	140,609	-	140,609	47,327
General and administrative	880,827	-	880,827	874,418
Development	91,030	-	91,030	94,851
Marketing & advertising	158,409	-	158,409	113,747
Fundraising	27,204	-	27,204	30,955
Disaster expenses	<u>750</u>	-	<u>750</u>	<u>-</u>
<b>TOTAL EXPENSES</b>	<u>3,173,802</u>	-	<u>3,173,802</u>	<u>2,568,958</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>605,194</u>	-	<u>605,194</u>	<u>(195,408)</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,005,045</u>	-	<u>1,005,045</u>	<u>1,200,453</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,610,239</u>		<u>\$ 1,610,239</u>	<u>\$ 1,005,045</u>

See notes to financial statements

NEW ORLEANS OPERA ASSOCIATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in Net Assets	\$ 605,194	\$ (195,408)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operations:		
Depreciation	29,081	29,864
Unrealized (gain) loss on investments	122	(63)
Change in operating assets and liabilities:		
Accounts receivable	30,770	(30,315)
Grants receivable	-	-
Prepaid expenses	35,524	(33,607)
Accounts payable and accrued expenses	30,067	(25,606)
Deferred income	<u>(329,511)</u>	<u>137,383</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>401,247</u>	<u>(117,752)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale/maturity of investments	-	700,000
Purchases of property and equipment	<u>(6,891)</u>	<u>-</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(6,891)</u>	<u>700,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Line of credit (net)	<u>199,972</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>199,972</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	594,328	582,248
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,235,566</u>	<u>653,318</u>
CASH AND CASH EQUIVALENTS - ENDING	\$ <u>1,829,894</u>	\$ <u>1,235,566</u>
Supplemental Disclosures:		
Interest paid	\$ <u>2,084</u>	\$ <u>-0-</u>

See notes to financial statements

**NEW ORLEANS OPERA ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2008 AND 2007**

**A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The New Orleans Opera Association (the Association), was chartered in 1943 to own, control, engage, employ, manage and direct a company of artists to give performances in order to encourage and foster the love, study and performance of music and dancing and to do any and all things to promote and develop New Orleans as a recognized music, dancing, dramatic and opera center.

In carrying out its charter, the Association generally provides the community with four operas of two performances each during the opera season (generally October through April). For the year ended June 30, 2008, three performances of each opera were held. Additionally, in conjunction with various grants and other sponsors, student performances are held each year both at the Theater of Performing Arts and the schools themselves. In order to support the services provided, the Association seeks contributions from the community as well as from ticket sales of opera performances. The Association also maintains a scenic studio for the building and maintenance of opera sets for its own use and as rentals to other opera companies.

**Standing Committees**

In order to facilitate the Association's objectives, standing committees were formed which operate under the Association's Charter to promote and provide additional resources for the Association. These committees are legally a part of the Association, operate under the Association's Charter and are subject to control by the Association's management. Accordingly, the accompanying financial statements include the accounts of the Women's Guild, the Junior Committee of the Women's Guild, the New Orleans Opera Club and the Opera Ball.

**Basis of Accounting**

The Association prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Financial Statement Presentation**

The Association prepares its financial statements under the accrual basis of accounting in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As permitted by the statement, the Association does not use fund accounting.

**NEW ORLEANS OPERA ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2008 AND 2007**

(Continued)

**A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
(Continued)

**Revenue Recognition**

Donated materials and equipment are recorded as contributions at their estimated values at date of receipt. Donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donate significant amounts of their time in the Association's program and supporting services.

**Contributed Services**

During the years ended June 30, 2008 and 2007, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

**Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Accounts Receivable**

All receivables at June 30, 2008 and 2007 are considered collectible by management; accordingly, an allowance for doubtful accounts is not presented. As of June 30, 2008 the association had no receivables over ninety days old.

**Property and Equipment**

Property and equipment are valued at cost less accumulated depreciation. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed utilizing the straight-line method over the assets' estimated useful lives (3 to 20 years). Expenditures for maintenance, repairs and minor renewals are charged against earnings as incurred. Major expenditures for renewals and betterments are capitalized.

**Income Taxes**

The Association, a non-profit organization operating under section 501(c)(3) of the Internal Revenue Code, is generally exempt from federal and state income taxes and accordingly, no provision for income taxes is included in the financial statements.



NEW ORLEANS OPERA ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

(Continued)

A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
(Continued)

Advertising

The Association follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$158,409 and \$113,747 for the years ended June 30, 2008 and 2007, respectively.

Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid debt instruments, including the certificates of deposit, to be cash equivalents.

Investments

Investments are measured at fair value in the statement of financial position. Income or loss is included in the statement of activities as increases or decreases in unrestricted net assets.

B. DEPARTURES FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Certain improvements were made to the Association's office space in excess of the allowance granted by the landlord. These additional costs were expended by the landlord in the summer of 1996, but have not yet been billed to the Association. Management believes the landlord may donate these additional improvements to the Association. Therefore, the estimated fair rental has not been determined and the contribution of the use of the facilities has not been reported as support and expense in the accompanying financial statements nor has any liability been recognized by the Association for the additional improvements that is expected to be absorbed by the landlord. The Association leased new office space beginning in January of 2006.

The Women's Guild of the New Orleans Opera Association recognizes revenue from the rental of a certain house located in New Orleans. The Women's Guild also uses this facility for various other functions. This house, along with the land and contents, was donated in 1966 and recognized in the financial statements with an estimated original basis of \$150,000 less accumulated depreciation of \$120,000 resulting in a net book value of \$30,000. The original basis of this real estate and contents should be equal to their fair value at time of donation. No appraisals or other information is available to confirm this estimated value.

NEW ORLEANS OPERA ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

(Continued)

C. CASH AND CASH EQUIVALENTS

At June 30, 2008 and 2007, the Association's cash and cash equivalents are as follows:

	<u>2008</u>	<u>2007</u>
Cash	\$ 1,726,555	\$ 1,176,576
Certificates of deposit	<u>103,339</u>	<u>58,990</u>
	<u>\$ 1,829,894</u>	<u>\$ 1,235,566</u>

D. INVESTMENTS

Investments, none of which are held for trading purposes, are comprised of bonds and marketable equity securities. The investments are recorded at fair value. The estimated fair value amount has been determined by the Association using market valuation provided by the investments' broker. Summary information about the investments at June 30, 2008 and June 30, 2007 is as follows:

	<u>2008</u>			<u>2007</u>		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Stocks	<u>\$ 109</u>	<u>\$ 225</u>	<u>\$ 114</u>	<u>\$ 109</u>	<u>\$ 347</u>	<u>\$ 238</u>

Investment income (loss) consists of the following for the year ended June 30:

	<u>2008</u>	<u>2007</u>
Investment income	\$ 32,008	\$ 41,255
Unrealized gains (losses) on certificate of deposit and stock	<u>(122)</u>	<u>63</u>
Total Investment income (loss)	<u>\$ 32,130</u>	<u>\$ 41,318</u>

E. PREPAID EXPENSES

Prepaid expenses consist of the following:

	<u>2008</u>	<u>2007</u>
Prepaid opera costs	<u>\$ 14,931</u>	<u>\$ 50,455</u>

**NEW ORLEANS OPERA ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2008 AND 2007**

(Continued)

**F. PROPERTY AND EQUIPMENT**

A summary of property and equipment at June 30, 2008 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>	<u>Estimated Useful Life</u>
Land	\$ 166,690	\$ -	\$166,690	N/A
Building	638,751	638,751	-	20 years
Furniture and fixtures	162,185	143,528	18,659	5 - 20 years
Production equipment	62,888	62,888	-	3 - 20 years
Scenery	957,703	840,094	117,607	4 - 10 years
Studio equipment	63,255	63,255	-	5 - 10 years
Trucks	54,421	52,331	2,091	3 - 10 years
Leasehold improvements	<u>5,505</u>	<u>1,700</u>	<u>3,805</u>	20 years
TOTAL	<u>\$2,111,398</u>	<u>\$1,802,548</u>	<u>\$308,850</u>	

A summary of property and equipment at June 30, 2007 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>	<u>Estimated Useful Life</u>
Land	\$ 166,690	\$ -	\$166,690	N/A
Building	638,751	638,751	-	20 years
Furniture and fixtures	155,294	132,507	22,787	5 - 20 years
Production equipment	62,888	61,630	1,258	3 - 20 years
Scenery	957,702	823,433	134,269	4 - 10 years
Studio equipment	63,256	63,256	-	5 - 10 years
Trucks	54,421	52,332	2,089	3 - 10 years
Leasehold improvements	<u>5,505</u>	<u>1,559</u>	<u>3,946</u>	20 years
TOTAL	<u>\$2,104,507</u>	<u>\$1,773,467</u>	<u>\$331,040</u>	

Depreciation expense for the years ended June 30, 2008 and 2007 was \$29,081 and \$29,864, respectively.

During the year ended June 30, 2008 the Association received insurance proceeds of approximately \$761,000 for damages caused to the property owned by the Women's Guild. Through June 30, 2008 expenditures for repairs to the property amounted to approximately \$295,000. Costs to complete the repairs are estimated to exceed the remaining \$466,000 of insurance proceeds.

NEW ORLEANS OPERA ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

(Continued)

G. LINE OF CREDIT

The Association has an unsecured line of credit available totaling \$500,000. The unpaid principle balance bears interest at the Wall Street Journal Prime Rate. Interest payments are due monthly. Any outstanding principle is due on February 1, 2009. At June 30, 2008 the line of credit had a balance of \$199,972. Subsequent to June 30, 2008 the line of credit was paid in full.

H. DEFERRED INCOME

Deferred income consists primarily of the ticket sales and contributions for the upcoming opera season as well as advance deposits on future scenery rentals.

I. RENTAL OF FACILITIES

The Association leased office space through December 2005 on a month to month basis. Effective January 2006, the Association moved to new offices. The three year rental agreement calls for monthly payments of \$3,213 for an annual total of \$38,556 per year through December 2008; however, no rent payments are required for the first year of the agreement. Rental expense is included in general and administrative expenses and amounted to \$32,204 and \$26,469 for the years ended June 30, 2008 and 2007, respectively.

J. SPECIAL EVENT FUNDRAISERS

The Association had the following revenues and expenses from special events held during the years ended June 30, 2008 and 2007.

		<u>2008</u>			<u>2007</u>	
		Direct			Direct	
		Costs of			Costs of	
		Donor			Donor	
	<u>Revenues</u>	<u>Benefits</u>	<u>Net</u>	<u>Revenues</u>	<u>Benefits</u>	<u>Net</u>
Opera Ball	\$128,059	\$ 43,768	\$ 84,291	112,970	49,137	63,833
Promenade de l'Opera	24,380	8,151	16,229	24,366	14,108	10,258
Mad Hatters Luncheon	46,406	23,047	23,359	34,559	15,430	19,129
Wine Auction	32,722	10,080	22,642	31,905	11,185	20,720
Other	<u>7,037</u>	<u>9,031</u>	<u>(1,994)</u>	<u>17,891</u>	<u>11,237</u>	<u>6,654</u>
Total	<u>\$ 238,604</u>	<u>\$ 94,077</u>	<u>\$ 144,527</u>	<u>\$ 221,691</u>	<u>\$ 101,097</u>	<u>\$ 120,594</u>

**NEW ORLEANS OPERA ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2008 AND 2007**

(Continued)

**K. CONTINGENCIES**

Grants and bequests require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill these conditions could result in the return of the funds to grantors. Although this is a possibility, the Board deems the contingency remote, since by accepting the gifts and their terms, it has accommodated the objectives of the organization to the provisions of the gifts.

As discussed in Footnote A above, in order to support the services provided, the Association seeks contributions from the community as well as from ticket sales of opera performances. Contributions are from both the public and private sectors. Changes in the level of such support could adversely affect the ability of the Association to continue providing services.

**L. CONCENTRATION OF CREDIT RISK**

The Association maintains its cash in secured deposit accounts at various banks located in New Orleans, Louisiana and in a money market deposit account with a national securities broker. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$100,000 and the Securities Investors Protection Corporation up to \$500,000. The uninsured balance is approximately \$331,601 and \$827,009 at June 30, 2008 and 2007, respectively.

**M. EMPLOYMENT CONTRACT**

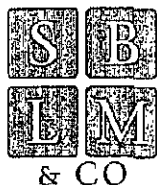
The Association has entered into an employment contract with its Artistic Director that ends on June 30, 2009. Under the terms of this contract the Association is to pay the Artistic Director an annual salary of \$90,000 plus conducting fees of \$5,000 per performance with a guarantee of at least two performances each opera season.

**N. RETIREMENT BENEFITS**

The Association agreed to pay retirement benefits to one previous employee of the Association. There is no formal contract or agreement in effect. Payments in the years ending June 30, 2008 and 2007 amounted to \$16,224 and \$11,991 which is included in salary expense in general and administrative expenses in the Statement of Activities.

**O. UNCERTAINTY CAUSED BY PREVIOUS AREA DISASTER**

On August 29, 2005, the areas that the Association serves were impacted by Hurricane Katrina, and those areas experienced significant destruction as a result of wide spread flooding. Management has estimated the adverse impact of this catastrophe upon the Association's financial statements, including disaster response costs, casualty losses and the adequacy of insurance coverages, and those effects, although minimal, are reported in the financial statements. However, the long-term financial viability of the devastated areas depends greatly on the extent of rebuilding and repopulation of these areas. At this time, plans for that rebuilding and repopulation have not been finalized. Therefore, the outlook for the affected areas' economic future at this time remain uncertain, as is the manner in which that uncertainty could affect the Association's future financial condition.



SAGONA, BOURG, LEE, MATTHEW & CO., L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

NEW ORLEANS OPERA ASSOCIATION

AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following information on pages 13 through 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sagona, Bourg, Lee, Matthew & Co., L.L.C.*

Certified Public Accountants  
December 22, 2008

NEW ORLEANS OPERA ASSOCIATION

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Bank and credit card charges	\$ 18,738	\$ 27,198
Computer expense	12,259	23,003
Depreciation	29,081	29,864
Dues and subscriptions	8,312	10,194
Insurance	161,353	129,195
Interest	2,084	-
Legal	59,366	82,883
Miscellaneous	20,829	12,036
Office expense	25,810	27,052
Parking	10,790	9,592
Postage	13,102	7,014
Printing and stationery	2,987	5,613
Professional fees	15,881	25,669
Rent	32,204	26,469
Salaries	419,283	409,820
Taxes -- payroll	30,873	32,337
Telephone	13,003	11,844
Travel	<u>4,872</u>	<u>4,635</u>
TOTAL	\$ <u>880,827</u>	\$ <u>874,418</u>

**NEW ORLEANS OPERA ASSOCIATION**  
**STATEMENT OF TICKET SALES AND COST OF OPERAS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

TICKET SALES, SURCHARGES AND SPONSORSHIPS:	Average per Opera	Total	Faust	Il Trittico	Rigoletto	West Side Story	New Year's Eve Gala
Season subscriptions	\$ 139,364	\$ 557,457	\$ 109,616	\$ 110,898	\$ 110,396	\$ 115,399	\$ 111,148
Box office sales	95,958	383,830	66,656	58,831	78,803	123,055	56,485
Dinner	10,914	43,655	-	-	-	-	43,655
Parking	1,476	5,905	1,177	1,182	1,182	1,182	1,182
Service fee	4,026	16,103	3,221	3,221	3,221	3,221	3,221
<b>TOTAL</b>	<b>251,738</b>	<b>1,006,950</b>	<b>180,670</b>	<b>174,132</b>	<b>193,602</b>	<b>242,857</b>	<b>215,691</b>
<b>COST OF OPERAS:</b>							
Artists	84,405	337,618	96,654	78,406	73,234	67,324	22,000
Artists' housing and travel	28,203	112,813	17,366	23,976	29,712	38,085	3,674
Auditions	1,232	4,929	295	250	600	3,534	250
Box office expense & staff	744	2,975	695	695	645	695	245
Choreographer	75	300	300	-	-	-	-
Chorus	21,893	87,573	31,733	22,543	20,263	-	13,034
Conductors	1,250	5,000	5,000	-	-	-	-
Costumes	11,267	45,068	13,925	7,549	10,166	13,428	-
Costumer	3,450	13,800	3,400	3,400	3,500	3,500	-
Director - housing and travel	2,844	11,376	-	2,511	2,098	6,767	-
Dryage	258	1,032	-	60	-	972	-
Insurance	1,556	6,224	1,245	1,245	1,245	1,245	1,244
Lighting-design and equipment	16,280	65,120	11,071	11,548	12,530	19,365	10,606
Lighting - housing & travel	1,035	4,141	28	1,979	653	1,481	-
Lighting-designer	4,106	16,425	4,000	3,799	1,163	5,963	1,500
Misc. expense	2,623	10,493	3,194	954	2,381	3,938	26
Musical instrument rental	374	1,494	1,494	-	-	-	-
Orchestra	56,523	226,093	47,157	54,683	46,236	38,869	39,148
Parking	4,402	17,607	4,496	2,124	1,907	2,583	6,497
Payroll taxes	13,267	53,066	12,345	13,619	11,418	13,414	2,270
Production costs	6,582	26,328	312	262	(160)	25,914	-
Props	1,070	4,278	1,228	935	425	1,590	-
Propmaster	2,665	10,660	3,990	3,029	1,639	2,002	-
Rehearsal- accompanist	6,004	24,014	4,944	5,574	7,429	6,067	-
Rent - music	3,192	12,766	1,414	3,491	2,350	1,398	4,113
Rent - theater	13,613	54,453	13,871	15,297	8,170	10,013	7,102
Rent rehearsal space	2,038	8,152	1,438	1,738	1,250	3,726	-
Scenery & scenery construction	18,719	74,875	20,104	15,992	24,406	14,373	-
Security	2,176	8,704	1,500	1,900	1,700	400	3,204
Sound equipment	4,371	17,483	693	328	1,020	10,159	5,283
Stage directors	9,892	39,567	9,000	7,487	7,640	15,440	-
Stage managers & assistants	5,813	23,250	6,278	5,406	5,450	5,616	500
Stage managers - housing & travel	3,732	14,929	3,541	5,053	2,197	4,138	-
Stagehands	66,203	264,813	54,172	65,172	54,686	65,693	25,090
Super coordinators	1,200	4,800	500	500	3,800	-	-
Supers	266	1,065	465	-	600	-	-
Supertitle coordinator	388	1,550	600	600	100	-	250
Supertitles	996	3,985	1,385	1,385	1,215	-	-
Usher	1,264	5,057	1,232	952	1,090	999	784
Wardrobe-salaries	16,761	67,042	14,092	24,360	13,911	14,679	-
Wig & make up	4,970	19,880	5,255	4,750	5,261	4,614	-
<b>TOTAL COST OF OPERAS</b>	<b>427,702</b>	<b>1,710,798</b>	<b>400,412</b>	<b>393,552</b>	<b>361,930</b>	<b>408,084</b>	<b>146,820</b>
<b>COST OF OPERAS IN EXCESS OF TICKET SALES (175,964)</b>		<b>(703,848)</b>	<b>(219,742)</b>	<b>(219,420)</b>	<b>(168,328)</b>	<b>(165,227)</b>	<b>68,871</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(176,165)</b>	<b>(880,827)</b>	<b>(176,166)</b>	<b>(176,166)</b>	<b>(176,165)</b>	<b>(176,165)</b>	<b>(176,165)</b>
<b>COST OF OPERAS AND ADMINISTRATIVE EXPENSES IN EXCESS OF TICKET SALES</b>	<b>\$ (352,129)</b>	<b>\$ (1,584,675)</b>	<b>\$ (395,908)</b>	<b>\$ (395,586)</b>	<b>\$ (344,493)</b>	<b>\$ (341,392)</b>	<b>\$ (107,294)</b>



**NEW ORLEANS OPERA ASSOCIATION**  
**STATEMENT OF TICKET SALES AND COST OF OPERAS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

TICKET SALES, SURCHARGES AND SPONSORSHIPS:	Average per Opera	Total	Marriage of Figaro	The Toast of New Orleans	Louis di Lammermoor	La Boheme
Season subscriptions	\$ 123,296	\$ 493,184	\$ 119,457	\$ 120,311	\$ 126,403	\$ 127,013
Box office sales	75,783	303,133	64,013	60,292	50,857	127,971
Dinner	490	1,960		1,960		
Parking	1,402	5,608	1,401	1,406	1,408	1,393
Service fee	3,687	14,748	3,687	3,687	3,687	3,687
<b>TOTAL</b>	<b>204,658</b>	<b>818,633</b>	<b>188,558</b>	<b>187,656</b>	<b>182,355</b>	<b>260,064</b>
<b>COST OF OPERAS:</b>						
Artists	48,477	193,907	61,132	8,116	50,137	74,522
Artists' housing and travel	16,235	64,941	22,808	6,082	17,074	18,977
Auditions	144	576	(224)	-	400	400
Ballet	-	-	-	-	-	-
Box office expense & staff	183	730	-	130	300	300
Choreographer	-	-	-	-	-	-
Choreographer housing and travel	-	-	-	-	-	-
Chorus	18,215	72,859	11,301	16,142	21,666	23,750
Conductors	3,750	15,000	5,000	-	5,000	5,000
Costumes	7,672	30,688	7,742	41	4,395	18,510
Costumer	2,550	10,200	3,400	-	3,400	3,400
Director - housing and travel	1,325	5,301	3,388	-	1,913	-
Dryage	912	3,646	2,174	436	686	350
Insurance	1,729	6,916	1,691	1,227	1,999	1,999
Janitorial	-	-	-	-	-	-
Lighting-design and equipment	7,697	30,786	13,386	-	7,398	10,002
Lighting - housing & travel	826	3,304	1,734	-	-	1,570
Lighting-designer	3,958	15,832	4,932	2,600	3,500	4,800
Misc. expense	2,707	10,827	4,169	2,022	1,688	2,948
Musical instrument rental	1,041	4,165	1,144	2,433	530	58
Orchestra	37,690	150,761	34,736	36,584	35,059	44,382
Parking	2,272	9,089	1,625	3,530	1,892	2,042
Payroll taxes	9,579	38,315	11,541	2,311	12,546	11,917
Production costs	711	2,844	318	-	537	1,989
Props	289	1,154	226	-	460	468
Propmaster	2,489	9,955	4,573	783	699	3,900
Receptions	-	-	-	-	-	-
Rehearsal-accompanist	3,857	15,429	6,430	-	3,869	5,130
Rent - music	1,091	4,364	353	1,615	1,167	1,229
Rent - theater	7,139	28,554	-	6,000	11,447	11,107
Rent rehearsal space	4,131	16,525	11,775	600	1,875	2,275
Scenery & scenery construction	17,488	69,952	29,428	250	20,378	19,896
Security	1,100	4,400	900	700	2,300	500
Scenic designer / technical coordinator	-	-	-	-	-	-
Scenic designer / technical coordinator travel	-	-	-	-	-	-
Sound equipment	4,800	19,198	694	16,455	1,262	787
Stage directors	5,646	22,582	6,551	-	7,531	8,500
Stage managers & assistants	3,681	14,723	4,635	500	4,794	4,794
Stage managers - housing & travel	1,972	7,887	2,708	-	1,786	3,393
Stagehands	48,209	192,834	65,879	17,631	51,782	57,542
Super coordinators	291	1,162	-	-	562	600
Supers	211	845	-	-	175	670
Supertitle coordinator	313	1,250	500	150	100	500
Supertitles	750	3,000	-	0	1,500	1,500
Theatre	187	748	-	748	-	-
Transportation	-	-	-	-	-	-
Union benefits	-	-	-	-	-	-
Usher	1,468	5,873	1,765	860	1,231	2,017
Wardrobe-salaries	10,369	41,474	12,219	-	13,800	15,455
Wig & make up	3,669	14,674	4,364	-	5,366	4,944
Wig & make up - rent and supplies	-	-	-	-	-	-
<b>TOTAL COST OF OPERAS</b>	<b>286,823</b>	<b>1,147,270</b>	<b>344,997</b>	<b>127,946</b>	<b>302,204</b>	<b>372,123</b>
<b>COST OF OPERAS IN EXCESS OF TICKET SALES</b>	<b>(82,165)</b>	<b>(328,637)</b>	<b>(156,439)</b>	<b>59,710</b>	<b>(119,849)</b>	<b>(112,059)</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(218,605)</b>	<b>(874,418)</b>	<b>(218,605)</b>	<b>(218,605)</b>	<b>(218,604)</b>	<b>(218,604)</b>
<b>COST OF OPERAS AND ADMINISTRATIVE EXPENSES IN EXCESS OF TICKET SALES</b>	<b>\$ (300,770)</b>	<b>\$ (1,203,055)</b>	<b>\$ (375,044)</b>	<b>\$ (158,895)</b>	<b>\$ (338,453)</b>	<b>\$ (330,663)</b>

**NEW ORLEANS OPERA ASSOCIATION**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2008**

	N.O. OPERA ASSOCIATION	OPERA BALL	WOMEN'S GUILD	JUNIOR COMMITTEE	OPERA CLUB	ADJUSTMENTS/ ELIMINATIONS	COMBINED
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,051,343	\$ 87,960	\$ 668,371	\$ 12,137	\$ 10,083	\$	\$ 1,829,894
Investments	-	-	225	-	-	-	225
Accounts receivable	97,245	-	3,550	-	-	(92,000)	8,795
Grants receivable	-	-	-	-	-	-	-
Prepaid expenses	14,931	-	-	-	-	-	14,931
Property and equipment, net of accumulated depreciation	282,840	-	26,010	-	-	-	308,850
<b>TOTAL ASSETS</b>	<b>\$ 1,446,359</b>	<b>\$ 87,960</b>	<b>\$ 698,156</b>	<b>\$ 12,137</b>	<b>\$ 10,083</b>	<b>\$ (92,000)</b>	<b>\$ 2,162,695</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>LIABILITIES:</b>							
Accounts payable and accrued expenses	\$ 65,447	\$ 92,000	\$ 350	\$ -	\$ -	\$ (92,000)	\$ 65,797
Line of credit	199,972	-	-	-	-	-	199,972
Deferred income	286,687	-	-	-	-	-	286,687
<b>TOTAL LIABILITIES</b>	<b>552,106</b>	<b>92,000</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>(92,000)</b>	<b>552,456</b>
<b>NET ASSETS:</b>							
Unrestricted	894,253	(4,040)	697,806	12,137	10,083	-	1,610,239
Temporarily restricted	-	-	-	-	-	-	-
<b>TOTAL NET ASSETS</b>	<b>894,253</b>	<b>(4,040)</b>	<b>697,806</b>	<b>12,137</b>	<b>10,083</b>	<b>-</b>	<b>1,610,239</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,446,359</b>	<b>\$ 87,960</b>	<b>\$ 698,156</b>	<b>\$ 12,137</b>	<b>\$ 10,083</b>	<b>\$ (92,000)</b>	<b>\$ 2,162,695</b>

**NEW ORLEANS OPERA ASSOCIATION**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2007**

	N.O. OPERA ASSOCIATION	OPERA BALL	WOMEN'S GUILD	JUNIOR COMMITTEE	OPERA CLUB	ADJUSTMENTS/ ELIMINATIONS	COMBINED
<b>ASSETS</b>							
Cash and cash equivalents	\$ 877,720	\$ 98,697	\$ 238,820	\$ 8,619	\$ 11,710	\$ -	1,235,566
Investments	-	-	347	-	-	-	347
Accounts receivable	219,490	-	-	562	4,900	(185,387)	39,565
Grants receivable	-	-	-	-	-	-	-
Prepaid expenses	50,455	-	-	-	-	-	50,455
Property and equipment, net of accumulated depreciation	305,030	-	26,010	-	-	-	331,040
<b>TOTAL ASSETS</b>	<b>\$ 1,452,695</b>	<b>\$ 98,697</b>	<b>\$ 265,177</b>	<b>\$ 9,181</b>	<b>\$ 16,610</b>	<b>\$ (185,387)</b>	<b>1,656,973</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>LIABILITIES:</b>							
Accounts payable and accrued expenses	\$ 35,730	\$ 107,387	\$ 75,000	\$ -	\$ 3,000	\$ (185,387)	35,730
Deferred income	600,118	-	16,080	-	-	-	616,198
<b>TOTAL LIABILITIES</b>	<b>635,848</b>	<b>107,387</b>	<b>91,080</b>	<b>-</b>	<b>3,000</b>	<b>(185,387)</b>	<b>651,928</b>
<b>NET ASSETS:</b>							
Unrestricted	709,804	(8,690)	174,097	9,181	13,610	-	898,002
Temporarily restricted	107,043	-	-	-	-	-	107,043
<b>TOTAL NET ASSETS</b>	<b>816,847</b>	<b>(8,690)</b>	<b>174,097</b>	<b>9,181</b>	<b>13,610</b>	<b>-</b>	<b>1,005,045</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,452,695</b>	<b>\$ 98,697</b>	<b>\$ 265,177</b>	<b>\$ 9,181</b>	<b>\$ 16,610</b>	<b>\$ (185,387)</b>	<b>1,656,973</b>

**NEW ORLEANS OPERA ASSOCIATION**  
**COMBINING STATEMENT OF ACTIVITIES**  
**JUNE 30, 2008**

	N.O. OPERA ASSOCIATION	OPERA BALL	WOMEN'S GUILD	JUNIOR COMMITTEE	OPERA CLUB	ADJUSTMENTS/ ELIMINATIONS	COMBINED
<b>REVENUES AND SUPPORT:</b>							
Revenues:							
Opera ticket sales	\$ 941,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 941,285
Opera education revenue	5,804	-	-	-	-	-	5,804
Scenery rental	306,104	-	-	-	-	-	306,104
Outside jobs	35,545	-	-	-	-	-	35,545
Guild Home revenue, net of related expenses	-	-	(313,382)	-	-	-	(313,382)
Insurance proceeds	16,985	-	761,159	-	-	-	761,159
Investment income (loss)	71,016	-	15,145	-	-	-	86,161
Other income	-	-	9,762	4,466	-	-	14,228
<b>TOTAL REVENUES</b>	<b>1,376,739</b>	<b>-</b>	<b>472,684</b>	<b>4,466</b>	<b>-</b>	<b>-</b>	<b>1,853,889</b>
Support:							
Contributions	1,793,903	19,170	21,640	42,606	28,596	(166,468)	1,739,447
Grants	41,133	-	-	-	-	-	41,133
Special event fundraising revenue, net of direct costs of benefits provided	-	84,292	36,315	23,920	-	-	144,527
<b>TOTAL SUPPORT</b>	<b>1,835,036</b>	<b>103,462</b>	<b>57,955</b>	<b>66,526</b>	<b>28,596</b>	<b>(166,468)</b>	<b>1,925,107</b>
<b>TOTAL REVENUES AND SUPPORT</b>	<b>3,211,775</b>	<b>103,462</b>	<b>530,639</b>	<b>70,992</b>	<b>28,596</b>	<b>(166,468)</b>	<b>3,778,996</b>
<b>EXPENSES:</b>							
Opera production costs	1,710,798	-	-	-	-	-	1,710,798
Opera education costs	13,261	-	-	-	-	-	13,261
Studio costs	116,903	-	-	-	-	-	116,903
Scenery rental costs	34,011	-	-	-	-	-	34,011
Outside job cost	140,609	-	-	-	-	-	140,609
General and administrative	868,598	-	4,792	6,968	469	-	880,827
Development	91,030	-	-	-	-	-	91,030
Marketing & advertising	158,409	-	-	-	-	-	158,409
Fundraising	-	6,812	2,138	-	18,254	-	27,204
Disaster expenses	750	-	-	-	-	-	750
Contributions to New Orleans Opera Assn.	-	92,000	-	61,068	13,400	(166,468)	-
<b>TOTAL EXPENSES</b>	<b>3,134,369</b>	<b>98,812</b>	<b>6,930</b>	<b>68,036</b>	<b>32,123</b>	<b>(166,468)</b>	<b>3,173,802</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>77,406</b>	<b>4,650</b>	<b>523,709</b>	<b>2,956</b>	<b>(3,527)</b>	<b>-</b>	<b>605,194</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>816,847</b>	<b>(8,690)</b>	<b>174,097</b>	<b>9,181</b>	<b>13,610</b>	<b>-</b>	<b>1,005,045</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 894,253</b>	<b>\$ (4,040)</b>	<b>\$ 697,806</b>	<b>\$ 12,137</b>	<b>\$ 10,083</b>	<b>\$ -</b>	<b>\$ 1,610,239</b>

**NEW ORLEANS OPERA ASSOCIATION**  
**COMBINING STATEMENT OF ACTIVITIES**  
**JUNE 30, 2007**

	N.O. OPERA ASSOCIATION	OPERA BALL	WOMEN'S GUILD	JUNIOR COMMITTEE	OPERA CLUB	ADJUSTMENTS/ ELIMINATIONS	COMBINED
<b>REVENUES AND SUPPORT:</b>							
Revenues:							
Opera ticket sales	\$ 796,317	-	\$ -	\$ -	-	\$ -	\$ 796,317
Opera education revenue	8,002	-	-	-	-	-	8,002
Scenery rental	160,082	-	-	-	-	-	160,082
Outside jobs	51,004	-	-	-	-	-	51,004
Guild Home revenue, net of related expenses	-	-	(78,016)	-	-	-	(78,016)
Insurance proceeds	-	-	93,748	-	-	-	93,748
Investment income (loss)	38,262	-	2,804	24	228	-	41,318
Other income	30,050	-	6,338	-	-	-	36,388
<b>TOTAL REVENUES</b>	<b>1,083,717</b>	<b>-</b>	<b>24,874</b>	<b>24</b>	<b>228</b>	<b>-</b>	<b>1,108,843</b>
<b>Support:</b>							
Contributions	1,156,607	29,350	18,035	1,905	30,650	(163,887)	1,072,660
Grants	71,453	-	-	-	-	-	71,453
Special event fundraising revenue, net of direct costs of benefits provided	-	63,833	33,029	23,732	-	-	120,594
<b>TOTAL SUPPORT</b>	<b>1,228,060</b>	<b>93,183</b>	<b>51,064</b>	<b>25,637</b>	<b>30,650</b>	<b>(163,887)</b>	<b>1,264,707</b>
<b>TOTAL REVENUES AND SUPPORT</b>	<b>2,311,777</b>	<b>93,183</b>	<b>75,938</b>	<b>25,661</b>	<b>30,878</b>	<b>(163,887)</b>	<b>2,373,550</b>
<b>EXPENSES:</b>							
Opera production costs	1,147,269	-	-	-	-	-	1,147,269
Opera education costs	13,794	-	-	-	-	-	13,794
Studio costs	188,608	-	-	-	-	-	188,608
Scenery rental costs	57,989	-	-	-	-	-	57,989
Outside job cost	47,327	-	-	-	-	-	47,327
General and administrative	869,356	-	1,328	3,397	337	-	874,418
Development	94,851	-	-	-	-	-	94,851
Marketing & advertising	113,747	-	-	-	-	-	113,747
Fundraising	-	6,673	3,532	-	20,750	-	30,955
Disaster expenses	-	-	-	-	-	-	-
Contributions to New Orleans Opera Assn.	-	107,387	25,000	21,500	10,000	(163,887)	-
<b>TOTAL EXPENSES</b>	<b>2,532,941</b>	<b>114,060</b>	<b>29,860</b>	<b>24,897</b>	<b>31,087</b>	<b>(163,887)</b>	<b>2,568,958</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(221,164)</b>	<b>(20,877)</b>	<b>46,078</b>	<b>764</b>	<b>(209)</b>	<b>-</b>	<b>(195,408)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,038,011</b>	<b>12,187</b>	<b>128,019</b>	<b>8,417</b>	<b>13,819</b>	<b>-</b>	<b>1,200,453</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 816,847</b>	<b>\$ (8,690)</b>	<b>\$ 174,097</b>	<b>\$ 9,181</b>	<b>\$ 13,610</b>	<b>\$ -</b>	<b>\$ 1,005,045</b>

We have audited the financial statements of the New Orleans Opera Association as of and for the year ended June 30, 2008, and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2008 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses \_\_\_ Yes X No      Significant Control Deficiencies \_\_\_ Yes X No

Compliance

Compliance Issues Material to Financial Statements \_\_\_ Yes X No

b. Federal Awards - None

c. Identification of Major Programs - None

**Section II Financial Statement Findings - No matters were reported.**

**Section III Federal Award Findings and Questioned Costs - None**



SAGONA, BOURG, LEE, MATTHEW & CO., L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the  
New Orleans Opera Association  
New Orleans, Louisiana

We have audited the general-purpose financial statements of the New Orleans Opera Association as of and for the year ended June 30, 2008, and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Association, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

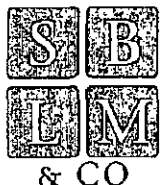
Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we noted certain opportunities for strengthening internal controls and operating efficiency, which we have reported to management of New Orleans Opera Association in a separate letter dated December 22, 2008.

This report is intended for the information and use of management and the legislative auditor. However, this report is a matter of public record and its distribution is not limited.

*Sagona, Bourg, Lee, Matthew & Co., L.L.C.*

Certified Public Accountants  
December 22, 2008





SAGONA, BOURG, LEE, MATTHEW & CO., L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

### MANAGEMENT LETTER

To the Board of Directors of the  
New Orleans Opera Association  
New Orleans, Louisiana

In planning and performing our audit of the financial statements of New Orleans Opera Association for the year ended June 30, 2008, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of the following matters that are opportunities for strengthening internal controls and operating efficiency. We reported on the Association's internal control in our separate report dated December 22, 2008.

#### Current Year Comment

None noted in current year.

#### Prior Year Comments

#### ATTACHED SCHEDULE OF PRIOR YEAR COMMENTS AND STATUS OF PRIOR YEAR COMMENTS

Management advised all of the comments reported in our prior year's letter and included in this schedule continue to be addressed and remain in the process of being addressed, including the implementation of additional policies and procedures and the hiring of additional accounting resources.

##### 1. Cash

One of the most critical areas for separation of duties is with respect to the handling and the accounting for cash receipts. We noted that both the customer service manager and the bookkeeper handle incoming checks and prepare the deposit slips. The bookkeeper also posts receipts to customer accounts, and receives and reconciles the monthly bank statement. This condition could result in errors being made in the handling and recording of cash receipts that may not be detected in a timely manner. We recommend that someone not entering receipts into the accounting system or preparing the cash receipts for deposit into the bank open the mail, prepare a list of the cash and checks received with indication as to whether receipt is for ticket sales or other and prepare the deposit slip. A manager, with no responsibility for the accounting for cash, should receive the bank statements unopened and review the bank statements and canceled checks before turning them over to the bookkeeper to prepare the monthly bank reconciliations. This manager should also review each reconciliation after it is prepared and should sign-off on each reconciliation as indication of having reviewed each reconciliation. These procedures should not require the addition of any new employees or require significant time of the personnel designated to perform these control functions, and such procedures would provide additional separation of duties regarding the handling and recording of cash receipts.

*Not yet implemented.*

To the Board of Directors of the  
New Orleans Opera Association

## 2. Accounts Receivable

Consider using pre-numbered, or at least sequentially numbered, invoices. The invoices should all be generated by the accounts receivable system in order to maintain control over all invoices issued and eliminate the use of journal entries to record invoices.

*Not yet implemented.*

## 3. Scenery Rental

Association-owned scenery sets are often rented to other opera companies, generating a source of revenue for the Association. These sets are stored in a warehouse. The warehouse has an alarm system, which requires entering a code to turn the alarm system off. There are a limited number of persons who have access to the warehouse; however, there is currently no monitoring of who is going in and out of the warehouse and when.

To provide better control over the warehouse and its contents and further reduce the likelihood of unauthorized scenery rental, we recommend that the Association consider the economic feasibility of adding a card access system for entry to its warehouse security.

This type of system affords additional control over the access to this valuable asset of the Association. The control of card issuance should reside at the main office. Someone not involved with the warehouse or scenery rental functions should receive monthly reports from the security company and review those reports for any activity that appears out of the ordinary or suspect.

*This has not yet been investigated.*

## 4. Committee Financial Information

The standing committees provide valuable services to the Association and assist in raising much needed revenues for the Association. In performing audit procedures on committee financial information, it was necessary to contact committee treasurers in order to gather all information necessary to prepare accurate income statements and balance sheets for each committee. Each committee treasurer maintains the accounting records for his/her committee in a somewhat informal manner. Because this financial information is important to Association's financial statements, the Association's finance department should have this information in its accounting system and determine its accuracy prior to the annual audit. We recommend that each committee submit detailed information such as balance sheet, income statement, cash roll-forward as well as copies of bank statements and bank reconciliations to the finance department periodically.

It also seems prudent that the detailed accounting records for each committee be maintained in a general ledger for each committee on the Association's accounting system. This information could be entered by means of a monthly or quarterly journal entry. The resulting balances for cash and other critical accounts could be reconciled to appropriate supporting documentation. This would also allow the Association to prepare consolidated financial statements inclusive of the standing committees monthly or quarterly. The Board and its standing committees would have timely, accurate financial information regarding the Association, its committees and the organization as a whole.

*Not yet implemented.*

To the Board of Directors of the  
New Orleans Opera Association

#### 5. Expenditure Approval

During the performance of audit procedures relating to expenditures, we observed the Opera's Charter or its By Laws do not appear to contain a clear procedure for the manner in which expenditures are to be approved, nor do they appear to contain a clear delineation of the President's latitude for discretionary approval of expenditures. This apparent vagueness in the Charter and the By Laws causes a difficulty in achieving certain audit objectives relating to the audit of the entity's expenditures. Such audit objectives include determining that expenditures are properly approved by the entity's management, they are reasonable, the goods or services paid for are received as expected and the expenditures benefit the entity.

In order to establish an improved method for and controls over approving expenditures, we suggest consideration be afforded to developing the procedures and controls that management believes are necessary to eliminate ambiguity with respect to the approval process and implement adequate controls to reduce to a low level the likelihood of fraudulent or inappropriate disbursements of the Opera's funds. Additionally, consideration should be given to including those procedures and controls together with a clear designation of the President's authority for discretionary or sole approval of expenditures in both the Opera's Charter and its By Laws.

*Not yet clarified.*

#### 6. Classification of Production Workers

It was noted during the prior audit that certain individuals who provide services related to the productions are treated as independent contractors while others as employees of the Association. The Association has reviewed Internal Revenue Service Guidelines for employees and independent contractors and believes that these individuals are classified properly.

*Addressed by Association.*

We will again review the status of these comments and provide an update in next year's report.

This report is intended for the information and use of management and the state legislative auditor. However, this report is a matter of public record and its distribution is not limited.

*Sagona, Bourg, Lee, Matthew & Co., L.L.C.*

Certified Public Accountants  
December 22, 2008